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| **From:** | Stan Sokolowski <ssokolowski@cifc.com> |
| **To:** | Stan Sokolowski <ssokolowski@cifc.com> |
| **CC:** | |
| **Date:** | Thu, 3/26/2015 6:29:58 PM |
| **Subject:** | Daily Update |

Quote of the Day

"There are no new eras – excesses are never permanent." - ?????

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- It's another risk-off day following yesterday's aggressive selloff in equities driven by an unexpected and very weak Durable Goods number. This new data point has participants reevaluating valuations as the sell-side continue to lower their Q1 GDP projections. JPMorgan went to 1.5% from 2% yesterday (is the strong dollar / feeble global growth slowing down the US economy?). Fed debate is ongoing in the interim. It's a pain chamber for a number of popular trades as risk managers are reducing risk and asking questions later (long equities, short oil, short euro, long dollar, etc…). Oil is flying today as the Saudi's and their Gulf allies are bombing Yemen (the threat of spreading war in the region will probably impact oil flows even though Yemen is less than 0.2% of global oil output). Rates rallied to 1.89% as investors sought refuge from increasing turmoil in the world. Gold is also serving as a fear gauge this morning as it spiked over $25 earlier. As I type, headlines are hitting the tape on the Germanwings airplane crash. It is looking less and less like an accident… Greece is front and center too as they continue to negotiate for more allowance money in the face of their coffers running dry (noise? or something else?). Isn't amazing how markets go from no worries to lots of worries in just 48 hours????? Futures are -6 now (from -20 ish earlier). 10 year is 1.97% now (from 1.89% earlier)

- Data: Claims print at 282k (vs. 290k exp), slightly better than expected. Nothing to see. PMI later this morning

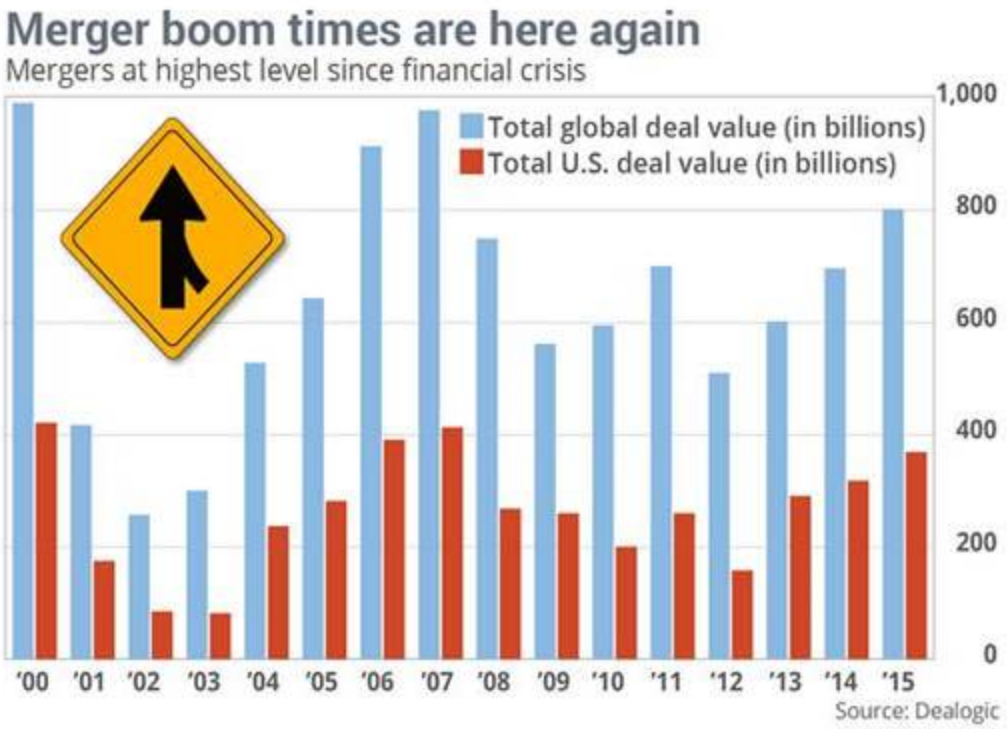
- Credit: The impact of leveraged lending guidelines made the WSJ today (C1) http://www.wsj.com/articles/buyout-shops-feel-pinch-from-lending-crackdown-1427304125?mod=wsj_nview_latest

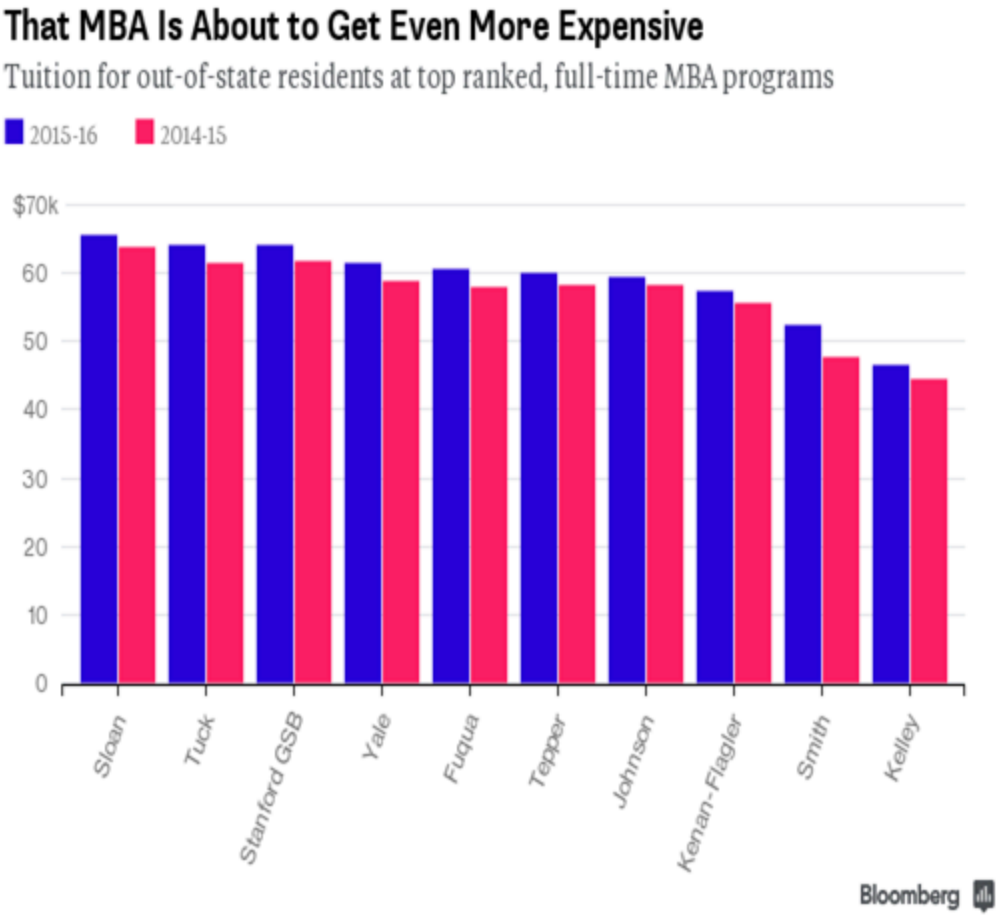
Shopping Slowdown
U.S. private-equity buyouts, by dollar volume, are at their lowest level since 2012.
Fewer leveraged buyouts are being funded above the debt level regulators generally consider risky.*
$60 billion
40
20
0
Through March 25 of each year
$17.14 billion
2010 '11 '12 '13 '14 '15
60%
40
20
0
21%
Quarterly
2010 '11 '12 '13 '14
*Percentage of LBOs with leverage greater than six times Ebitda; 2015 data through March 25
Sources: Dealogic (volume); S&P Capital IQ LCD (percentage)
THE WALL STREET JOURNAL.

Loans were bid yesterday as the market shook off jitters in other. CLOs and SMAs continue. Retail is hanging at as they fight the Fed. JPMorgan notes this morning that the loan asset class continues to exhibit a very low correlation to most asset classes. The average price for leveraged loans is effectively unchanged month-to-date (-$0.00) at $98.18, benign vs. an average -$1.18 decline for high-yield bonds.

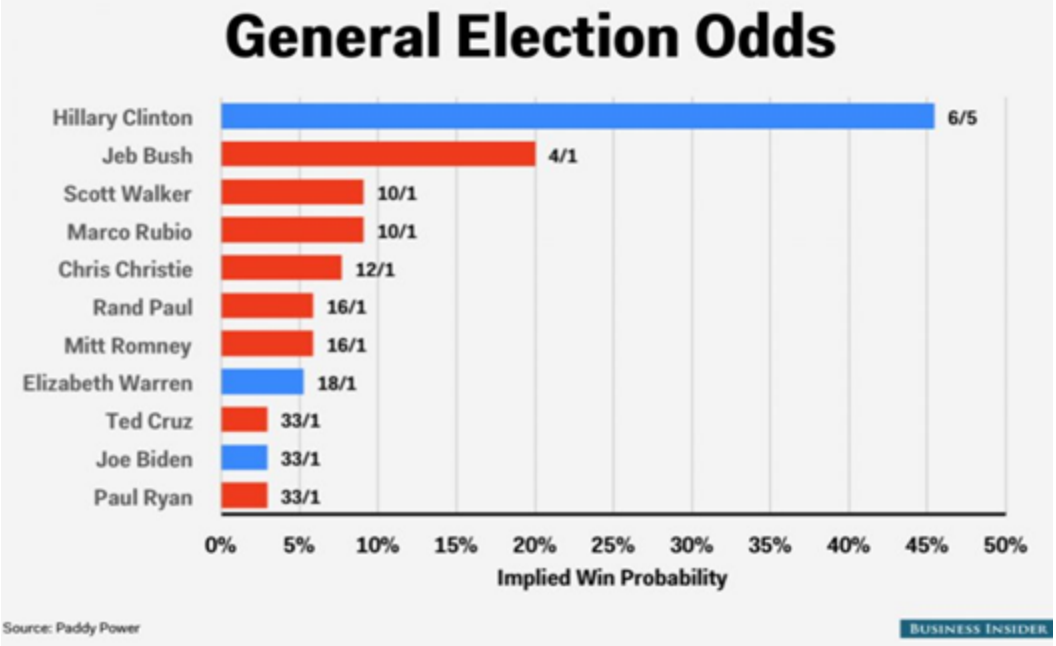
- Charts of the Day

Brent Oil, 30, ICE (CFD)
O 58.33 H 59.69 L 58.31 C 59.15
60.00
59.50
59.15
58.50
58.00
57.50
57.00
56.50
56.00
55.50
55.00
54.50
54.00
53.50
53.00
52.50
19
22
24
12:00


Merger boom times are here again
Mergers at highest level since financial crisis
Total global deal value (in billions)
Total U.S. deal value (in billions)
1,000
800
600
400
200
0
'00
'01
'02
'03
'04
'05
'06
'07
'08
'09
'10
'11
'12
'13
'14
'15
Source: Dealogic




- Other:
  - Nice trade (if we did our jobs this way we would be unemployed)…. http://www.foxnews.com/politics/2015/03/26/bergdahl-to-be-charged-with-desertion-official-says/
  - How income inequality benefits everybody http://www.washingtonpost.com/opinions/how-income-inequality-benefits-everybody/2015/03/25/1122ee02-d255-11e4-a62f-ee745911a4ff_story.html?wprss=rss_todays-opeds
  - Yikes!




- HY: 107 5/8 (-1/16)
- IG: 64 ¾ (+1/4)
- CSLLI: 0.24% mtd / 1.91% ytd

Stan Sokolowski
Senior Portfolio Manager, Head of Portfolio Management and Trading
**CIFC Asset Management LLC**
250 Park Avenue, 4th Floor | New York, NY 10177
☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
✉ ssokolowski@cifc.com | www.cifc.com

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